

DEPARTMENTAL BUDGET INFORMATION

FINANCE (23)

MISSION

The mission of the Finance Department is to sustain the City's financial solvency, provide finance-based services to City departments and facilitate economic growth in Detroit through the effective and efficient management of resources and processes that provide essential services, a safer environment and an improved business climate for a World Class City's public and private sector customers.

DESCRIPTION

The Finance Department is comprised of various divisions. The **Administrative** division sets and maintains policies and procedures to be used throughout the Department. The **Assessments, Treasury and Income Tax** divisions of Finance are responsible for property valuation and for collecting property taxes, income taxes and utility users taxes owed to the City. The **Accounts** division is responsible for maintaining accounting controls, the pre-audit of expenditures, and processing all payments including payrolls. The **Purchasing** division is responsible for the processing of City purchase orders and Contracts. The **Risk Management** unit protects the assets and earning power of the City from loss or destruction and is responsible for maintaining the self-insurance Risk Management Fund and (administers various safety programs). The **Debt Management** unit is responsible for financing the City's capital needs and those of quasi-public agencies, and for investing all City funds excluding Pensions Funds. This division also administers the City's deferred compensation plan. The **Pension** division is responsible for the administration of the employee pension and retirement systems.

CORE SERVICES

Internal Services - The Finance Department's principal responsibilities focus upon safeguarding the City's financial position by maximizing revenues, controlling expenditures, managing risk exposure, monitoring debt parameters and reporting financial information. Customer service and safety initiatives continue to be the primary objectives of the Finance Department. Business processes are continuously being modified and refined in an effort to provide better service. Loss prevention programs are being expanded to further reduce injuries and accidents, thus lowering the City's workers compensation payroll and other accident claims that are made against the City. In keeping these costs to a minimum, tax dollars can be better utilized for their intended purpose of serving the taxpayers and other valued customers of the City of Detroit.

MAJOR INITIATIVES

The General Accounting Section is working to develop fully automated financial statements to aid in the production of the City of Detroit's Comprehensive Annual Financial Report. DRMS reports for each of the City's various Funds would be generated on Oracle and would result in the City's ability to fully track and then cumulatively report accurately on each individual accounting transaction's impact upon the City's books and records.

Beginning on October 9, 2000, the Income Tax Division's "Tax Administration System" (TAS) has migrated to a site fully managed and maintained by the City of Detroit, and as a result will generate an annual cost savings of \$5 million to the City.

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Operational benefits from administering this system in-house includes faster response time for the users of this system and far less susceptibility to system interruptions, as the City is no longer reliant upon a vendor's data center operating properly from a distant location.

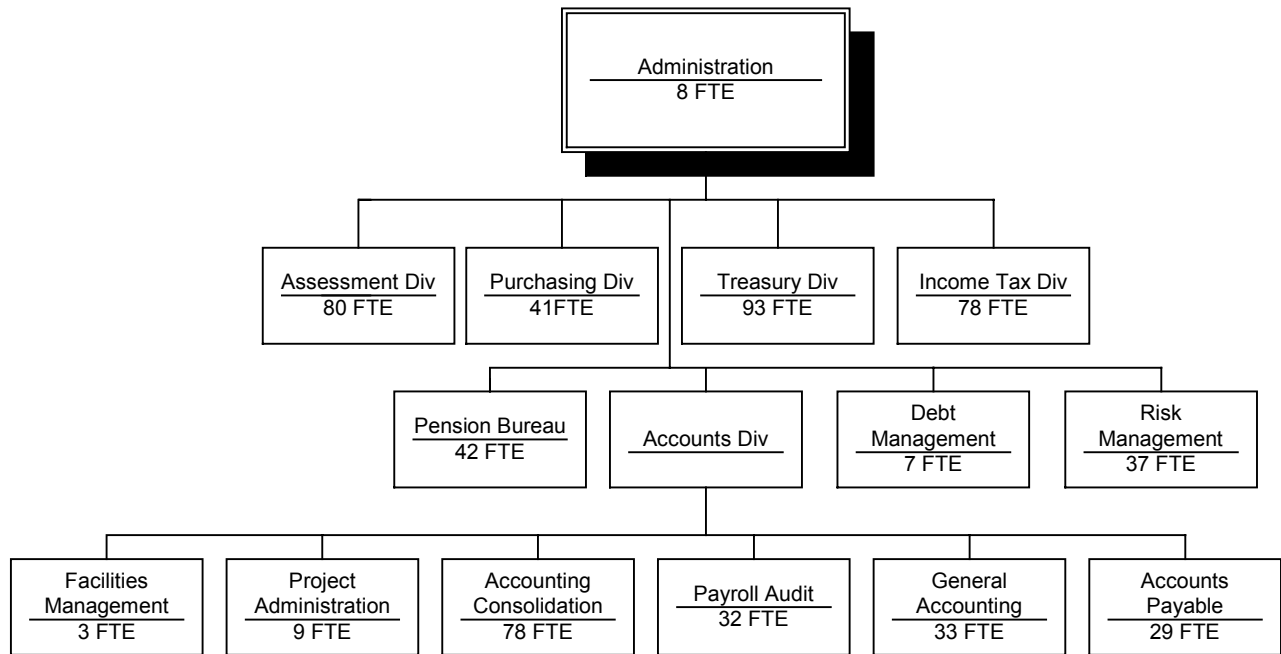
PLANNING FOR THE FUTURE

The Purchasing Division has identified a number of technological and alternative business processes that could advance the City of Detroit's procurement efforts. Those techniques to be investigated would include improved internet services such as 1) on-line access to suppliers of solicitations, Requests for Quotes (RFQs) and Requests for Proposals (RFPs); 2) the acceptance of electronic quotes in a secured environment; 3) on-line re-ordering of supplies when the requirements reach the maximum allowable depletion levels (EOQ); and 4) Electronic Data Interface (EDI) for price lists or at minimum the use of the price lists available

on CD-ROM. Each of these items would allow the Purchasing Division to become more responsive to the needs of its internal and external customers.

The Assessment and Treasury Divisions, in partnership with the Planning and Development Department, are in the process of analyzing and modifying our collective administrative frameworks and business processes in order to seize opportunities to maximize property tax collection levels. This will be accomplished by meeting the City's redevelopment goals and economic development objectives, in accordance with those recent changes in state legislation that have revised property tax collection, property reversion and reverted property disposition guidelines under which the City of Detroit must operate.

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PERFORMANCE GOALS, MEASURES AND TARGETS

Goals: Measures	1999-00 Actual	2000-01 Projection	2001-02 Target
Improve the City's financial position by managing exposure to risk: Timely investigation of all accident reports	2.0 days	2.0 days	2.0 days
Improve payment processing time by upgrading systems and continuously improving internal operations: Percent of valid invoices paid in 45 days	85%	90%	100%
Facilitate business development and economic growth by providing timely and accurate analysis and arrangements: Publish the CAFR	March 22, 2000	April 2001	December 2001
Add value for our customers and stakeholders through the effective, efficient management and Safeguarding of the City's financial activities, Assets and human resources: Percent of current property tax levy collected in current year	91.1%	92%	92%

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EXPENDITURES

	1999-00 Actual Expense	2000-01 Redbook	2001-02 Mayor's Budget Rec	Variance	Variance Percent
Salary & Wages	\$ 18,961,959	\$ 20,762,548	\$ 22,924,039	\$ 2,161,491	10%
Employee Benefits	9,914,277	9,957,444	11,524,999	1,567,555	16%
Prof/Contractual	2,095,583	8,329,126	8,602,863	273,737	3%
Operating Supplies	343,924	544,906	436,148	(108,758)	-20%
Operating Services	4,369,155	4,777,307	5,157,621	380,314	8%
Capital Equipment	279,905	280,446	108,833	(171,613)	-61%
Capital Outlays	620,775	26,615	-	(26,615)	-100%
Fixed Charges	664,232	497,758	565,400	67,642	14%
Other Expenses	106,824	1,340,000	860,300	(479,700)	-36%
TOTAL	\$ 37,356,634	\$ 46,516,150	\$ 50,180,203	\$ 3,664,053	8%
POSITIONS	498	552	570	18	3%

REVENUES

	1999-00 Actual Revenue	2000-01 Redbook	2001-02 Mayor's Budget Rec	Variance	Variance Percent
Fines/Forfeits/Penalties	\$ 23,716	\$ 12,000	\$ 23,000	\$ 11,000	92%
Sales & Charges	4,495,453	4,835,393	6,293,149	1,457,756	30%
Sales of Assets	637	2,000	2,000	-	0%
Miscellaneous	210,623	264,581	264,581	-	0%
TOTAL	\$ 4,730,429	\$ 5,113,974	\$ 6,582,730	\$ 1,468,756	29%

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